GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:174
ANSWERED ON:20.10.2008
INCREASE IN SUGAR PRICES
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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether despite record production of sugar in the country its prices have increased by nearly 25 percent between July 2008 to September 2008;

(b) if so, the details thereof and the reasons therefor;

(c) whether the Government released lesser quota of sugar to the states during the last two years leading to the rise in prices;

(d) if so, the details of quota released by the Government during each quarter of last two years; and

(e) the steps being taken by the Government to control sugar prices?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (SH. KANTI LAL BHURIA)

(a)&(b): Due to excess production of sugar in 2006-07 sugar season and anticipated high sugar production in 2007-08 sugar season, sugar prices declined considerable adversely affecting the capacity of sugar mills to pay cane price including cane price arrears to sugarcane farmers. The Central Government took a slew of measures to help the sugar mills and sugarcane farmers and improve realization from sale of sugar. There were news reports that sugar production in the ensuing 2008-09 sugar season would be considerably less resulting in shortage of sugar in the season. High crude prices prevailing in the summer months of 2008, also led to diversion of higher quantity of sugarcane into ethanol and consequently lowering the estimated sugar production in Brazil which is the biggest exporter of sugar in the world market. This expectation strengthened future prices of sugar in both domestic and international markets, which in turn, affected the market sentiments for current prices. When the sugar prices started going up in July-August, 2008, the base price level was very low. The range of ex-mill sugar prices (excluding excise duty and cess) in various centres in the country from June 2008 to September, 2008 is indicated below:

(Rs. Per quintal)

Month	Range of ex-mill prices of sugar
June, 2008	1260-1500
July, 2008	1300-1640
August, 2008 (1st to 22nd)	1525-1930
August, 2008 (23rd to 31st)	1620-1840
September, 2008	1500-1800

(c)&(d): The details of the non-levy sugar quota released by the Government during each quarter of last two sugar years (October-September) are as under:-

(In lakh tonnes)

Quarter	Non-levy sugar quota	
	2006-07	2007-08
October-December	41	42
January-March	41	44
April-June	41	52#
July-September	36	53##
Total	159	191

8 lac tons estimated to be available out of dismantled first buffer stock.

18 lac tons estimated to be available out of dismantled first buffer stock and 25% out of dismantled second buffer stock.

(e): In order to check rising sugar prices, the Central Government has taken the following measures:

(i) Release of additional non-levy sugar quota of 5 lac tons-2 lac tons for August and 3 lac tons for September, 2008

(ii) Reinforcement of the directions of complete sale of dismantled first buffer stock by 30th September, 2008 and 25% of the dismantled second buffer stock in August and September, 2008 by an order dated 8.9.2008 stipulating that any unsold and undespatched buffer stock shall stand converted to levy sugar. However, the order was partially relaxed in respect of normal non-levy quota of September, 2008 by extending the validity period for sale/despatch by 15 days on 29.9.2008.

(iii) Not allowing extension for sale/despatch of dismantled buffer stocks. Unsold/undespatched stocks out of dismantled first buffer stock and 25% of the dismantled second buffer stock stands converted to levy sugar.

(iv) Making available 52 lac tons of non-levy (free sale) sugar for the quarter October-December, 2008 as against 42 lac tons made available during the corresponding quarter (October-December, 2007) of the last sugar year.